

BALL JANIK LLP

A T T O R N E Y S

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DEC 24 '97

10-24 AM

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December 24, 1997

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Washington, DC 20423

Dear Secretary Williams:

I have enclosed three originals of the document described below, to be recorded pursuant to 49 U.S.C. § 11301.

The document is a Memorandum of Lease Agreement, a primary document, dated as of November 6, 1997. We request that this document be given the next available Recordation Number.

The names and addresses of the parties to the Memorandum of Lease Agreement are:

Lessor:

LaSalle National Leasing Corporation
502 Washington Avenue, Suite 800
Towson, MD 21204

Lessee:

Arizona & California Railroad Company Limited Partnership
7525 SE 24th Street, Suite 350
Mercer Island, WA 98040

A description of the equipment covered by the Memorandum of Lease Agreement consists of four GP-10 diesel locomotives numbered PSAP 1001 (formerly MSRC 1058), PSAP 1002 (formerly MSRC 1075), PSAP 1003 (formerly MSRC 1008), and PSAP 1004 (formerly MSRC 1055), and one GP-35 diesel locomotive numbered ARZC 3503 (formerly numbered ATSF 6356).

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RECEIVED
SURFACE TRANSPORTATION
BOARD

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Counterpart of [Signature]

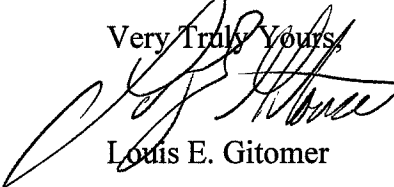
Honorable Vernon A. Williams
December 24, 1997
Page 2

A fee of \$24.00 is enclosed. Please return two originals to:

Louis E. Gitomer
Of Counsel
Ball Janik LLP
Suite 225
1455 F Street, N.W.
Washington, DC 20005

A short summary of the document to appear in the index follows: Memorandum of Lease Agreement between LaSalle National Leasing Corporation, 502 Washington Avenue, Suite 800, Towson, MD 21204, and Arizona & California Railroad Company Limited Partnership, 7525 SE 24th Street, Suite 350, Mercer Island, WA 98040, covering four GP-10 diesel locomotives numbered PSAP 1001 (formerly MSRC 1058), PSAP 1002 (formerly MSRC 1075), PSAP 1003 (formerly MSRC 1008), and PSAP 1004 (formerly MSRC 1055), and one GP-35 diesel locomotive numbered ARZC 3503 (formerly numbered ATSF 6356).

Very Truly Yours,



Louis E. Gitomer

Enclosures

DEC 24 '97

10-24 AM

MEMORANDUM OF LEASE AGREEMENT

dated as of NOVEMBER 6 1997

between

ARIZONA & CALIFORNIA RAILROAD COMPANY LIMITED PARTNERSHIP
as Lessee,

and

LASALLE NATIONAL LEASING CORPORATION
as Lessor

FILED WITH THE SURFACE TRANSPORTATION BOARD
PURSUANT TO 49 U.S.C. § 11301
on _____, 1997 at __:__.m.

MEMORANDUM OF LEASE AGREEMENT

THIS MEMORANDUM OF LEASE AGREEMENT is made and entered into as of NOVEMBER 6, 1997, by and between LASALLE NATIONAL LEASING CORPORATION ("Lessor"), and ARIZONA & CALIFORNIA RAILROAD COMPANY LIMITED PARTNERSHIP ("Lessee"), with reference to the following:

1. Lessor has agreed to purchase and lease to Lessee, and Lessee has agreed to lease from Lessor, four (4) General Motors Electro-Motive Division (EMD) model GP10 Diesel Locomotives bearing the following reporting marks: MSRC 1008, 1055, 1058 and 1075; and (1) General Motors Electro-Motive Division (EMD) model GP35R Diesel Locomotive bearing reporting mark ATSF 6356 (to be renumbered ARZC 3503).

All of such locomotives are more fully described in that certain Equipment Lease Agreement dated as of NOVEMBER 6, 1997, and Equipment Schedule No. 1 thereto and incorporating the terms thereof, dated as of December 24, 1997 (together with all of the riders, schedules and other attachments thereto, collectively, the "Lease"), each between Lessor and Lessee.

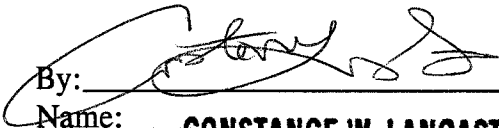
2. The Lease shall be effective as of the date hereof and shall be subject to the term specified in the Lease, and any extension of such term to the extent provided for in the Lease.

This Memorandum of Lease Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one Memorandum of Lease Agreement.

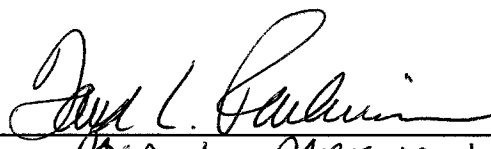
[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed or caused this Memorandum of Lease Agreement to be executed as of the date first above written.

LASALLE NATIONAL LEASING CORPORATION

By: 
Name: CONSTANCE W. LANCASTER
Title: VICE PRESIDENT

ARIZONA & CALIFORNIA RAILROAD
COMPANY LIMITED PARTNERSHIP

By: 
Name: DAVID L. PARKINSON
Title: PRESIDENT, PARKSIERRA CORP.
GENERAL PARTNER

STATE OF MARYLAND)
) ss.
COUNTY OF Baltimore)

On this 17th day of November, 1997 before me appeared Constance W. Lancaster, the person who signed this instrument, who acknowledged that (s)he is the Vice President of LASALLE NATIONAL LEASING CORPORATION and that, being duly authorized, (s)he signed such instrument as a free act on behalf of said corporation.

[Seal] REGINA M. MCMANUS
NOTARY PUBLIC
BALTIMORE COUNTY

Regina M. McManus
Notary Public

My commission expires:

10/29, 00

STATE OF Washington)
) ss.
COUNTY OF King)

On this 6th day of November, 1997 before me appeared David L. Parkinson, the person who signed this instrument, who acknowledged that (s)he is the President of ARIZONA & CALIFORNIA RAILROAD COMPANY LIMITED PARTNERSHIP and that, being duly authorized, (s)he signed such instrument as a free act on behalf of said corporation.

[Seal] STATE OF WASHINGTON
NOTARY PUBLIC
RICHARD G. GINGER
COMMISSION EXPIRES
2-28-2001

Richard G. GINGER
Notary Public

My commission expires:

2/28, 2001

LASALLE NATIONAL LEASING CORPORATION**SCHEDULE OF EQUIPMENT**Lessee: **ARIZONA & CALIFORNIA RAILROAD COMPANY, LIMITED PARTNERSHIP**Approved By: _____
(Lessee to initial each page)Attached to Bill of Sale dated
December 19 97
and/orEquipment located at:
501 N. 2nd Street
Street No.

Equipment Schedule No. 1

Elma Grays Harbor WA 98541
City County State Zip

Manufacturer and/or Vendor Name & Invoice No.	Description
1	- General Motors Electro-Motive Division (EMD) Model GP10 Diesel Locomotives Road Number: MSRC1058(to be renumbered to PSAP1001)
1	- General Motors Electro-Motive Division (EMD) Model GP10 Diesel Locomotives Road Number: MSRC1075 (to be renumbered to PSAP1002)
1	- General Motors Electro-Motive Division (EMD) Model GP10 Diesel Locomotives Road Number: MSRC1008 (to be renumbered to PSAP1003)
1	- General Motors Electro-Motive Division (EMD) Model GP10 Diesel Locomotives Road Numbers: MSRC1055 (to be renumbered to PSAP1004)

LASALLE NATIONAL LEASING CORPORATION**SCHEDULE OF EQUIPMENT**Lessee: **ARIZONA & CALIFORNIA RAILROAD COMPANY, LIMITED PARTNERSHIP**Approved By: _____
(Lessee to initial each page)Attached to Bill of Sale dated
December 19 97
and/orEquipment located at:
1301 California Avenue
Street No.

Equipment Schedule No. 1

Parker	LaPaz	AZ	85344
City	County	State	Zip

Manufacturer and/or
Vendor Name & Invoice No.

Description

1	- General Motors Electro-motive Division (EMD) Model GP35 Diesel Locomotive Road Number: SP6356 (to be renumbered ARZC3503)
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